PROGRAM - HOST COUT CONTRIBUTIONS

8

TELEGRAM

Foreign Service of the United States of America

OUTGOING

UNCLASSIFIED
Classification

CHARGE:

Control: TOUSFO #320

DATE: February 20, 1954

TO: FOA/W

USFOTO 240. Item 1 (a) 527, (b) 500. Item 2 (a) 27, (b) 12. Item 3 (a) 619, (b) 181. Item 4 (a) 1513, (b) 792. (a) First half year, (b) second half. Thousands of dollars.

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UNCLASSIFIED
Classification

☆ U. S. GOVERNMENT PRINTING OFFICE: 1952 - 220210

Inps Cirasa Bodde (2)

SECRETARY FEBRUARY 08/0901Z14/1954

CIRGRAM 240

UNCLASSIFIED FEBRUARY 09/0750

SENT ADDISABABA USFOTO 155 AMMAN USFOTO 373 BAGHDAD USFOTO 323 BEIRUT USFOTO 307 CAIRO USFOTO 343 JIDDA USFOTO 240 KABUL USFOTO 159 KARACHI USFOTO 608 KATMANDU USFOTO 66 MONROVIA USFOTO 228 NEW DELHI USFOTO 681 TEHRAN USFOTO 845 TELAVIV USFOTO 348 TRIPOLI USFOTO 190

Subject: Host country participation reference TOTEC CIRG AIRG Dec 19,1952 AddisAbaba USFOTO 157 Amman USFOTO 367 Baghdad USFOTO 319 Beirut USFOTO 296 CAIRO USFOTO 337 JIDDA USFOTO 234 Kabul USFOTO 157 Karachi USFOTO 601 Katmandu USFOTO 65 Monrovia USFOTO 224 New Delhi USFOTO 669 Tehran USFOTO 831 Telaviv USFOTO 344 and Tripoli USFOTO 196.

Up to date story of Host Country contributions required for Congressional Hearings. Paragraph 6.4 of reference Circular taken together with 6.1-6.3 encompasses concept of Host Country "participation" discussed program officer workshop Istanbul. Request report as of December 31, 1953 and for those countries which did not supply it, as of June 30, 1953. Recognising problems in availability of data, adjustments of prescribed from may be made, but should clearly distinguish following:

1. Commitments under project agreements.
2. Actual payments under project agreements.
3. Contributions to projects, outside of agreement commitments.
4. Data on host country expenditures not directly attributable to joint programs, but constituting measure of Host country economic development efforts. This especially pertinent where US Program primarily concerned with implementation of existing development programs. If adequate data this category can be developed FOA/W will consider presentation of topic as "Host country participation" broken down between contributions to FOA/Host country programs and other economic development activities.

Due date February 22.

DASHER

was recd
lms

Victoria Hazelton

DIST:
Ambassador
FOA - Action
McCullers
File

File 3

Host Govt. Contrib

TECHNICAL COOPERATION ADMINISTRATION

Jidda, Saudi Arabia February 28, 1953.

Mr. Sadek Husseini
Director, Liaison Office
for Technical Assistance
Kingdom of Saudi Arabia
Jidda, Saudi Arabia

Sir:

I have read with considerable interest an undated letter from His Excellency, the Deputy Minister of Finance, requesting you to consult me in regard to the attitude of the Technical Cooperation Administration towards Article III paragraph c of the Agreement between the Governments of the United States and Saudi Arabia for Technical Cooperation Program in Natural Resources. His Excellency's letter likewise refers to an order for spare parts and other equipment for well drilling and requests you to find out what the USA has contributed toward the cost of the program.

Paragraph c is one of five paragraphs which collectively outline the obligation which the USA has assumed toward effectuating the general purposes of the Agreement on Natural Resources. The purposes and objectives of the Agreement are contained in Article II, paragraphs 1 to 5 inclusive. The obligation mentioned in paragraph c must therefore be considered in the light of the purposes and objectives of the Agreement which in general are to carry out an extensive survey of the water and mineral resources of Saudi Arabia and to prepare maps, charts, and reports as the basis for more efficient and productive use of these resources. The program is thus one of scientific investigation and not one of exploitation. When TCA agrees to furnish field and office equipment, scientific instruments and materials necessary for the effectiveness of the experts' work, we do not understand it to mean or even imply that such equipment will include spare parts for well drilling machinery, well casings, fire extinguishers, sleeping bags for drilling crews, spare parts for heavy duty trucks or, in fact, any of the equipment or supplies mentioned in Mr. Lannon's letter of January 14, 1953.

All

All this equipment and supplies are for the well drilling operations and are not included in the scientific and other equipment required by the U. S. technicians in carrying out their duties in surveying the natural resources of Saudi Arabia. It should also be noted that the USA agrees to furnish this equipment to the extent to be subsequently agreed upon but, as far as I am aware, the USA has furnished all the equipment necessary for the technicians and has not fixed any limitation on the same.

I note further His Excellency's references to the stipulation in Article IV that the Government of Saudi Arabia will contribute a fair share of the cost of this program to be mutually agreed upon in subsequent project agreements to be entered into by the two Governments.

The term "fair share" is not defined in the Agreement on Natural Resources, but the Congress of the United States of America has on numerous occasions indicated that as a matter of principle it should not be less than 50%. There are circumstances which in certain cases justify the departure from this principle, as for instance in this Agreement. Without elaborating on this point or presenting cost data, it is obvious from a casual reference to the obligations of the two governments as provided for in this Agreement that the financial obligation which the Saudi Arabian Government assumes is considerably less than that of the USA. I cite this merely to keep the record straight and not to suggest that any changes should be made in the terms of the agreement. However, it should be noted that if and when additional projects are undertaken, the obligations of each Government are to be arrived at by mutual agreement.

As to His Excellency's question as to what financial contributions the USA has made in connection with this Agreement, His Excellency should be informed that all the financial obligations enumerated in Article III have either been fulfilled or will be as circumstances permit. In addition, TCA has ordered radio telephone equipment to a value of some $20,000 which will be used principally, though not exclusively, in the well drilling program.

I understand from Dr. Brown that His Excellency, the Deputy Minister of Finance, has indicated the desire of the Government to enlarge the water development program which, if I understand the matter properly, would entail the enlargement of the staff and increasing other financial obligations of TCA. In keeping with the spirit and purposes of TCA we hope that it will be possible to undertake this expanded program, but it should be noted that this depends on the availability of funds. I would therefore suggest the advisability of an early submission by the SAG of an official request covering this expanded program in order that it may receive proper consideration on the part of TCA.

Very truly yours,

John A. Dunaway
Acting U. S. Director of
Technical Cooperation in
Saudi Arabia

Host Country Contributions

WEEKLY LETTER EXCERPTS

FOR INFORMATION OF: John Bode

From Series Letter #35 dated February 6, 1953, received February 17.

"We have received your memoranda dated January 14 and 27, 1953, transmitting Annex A and B long-term programs. You are to be commended on the preparation of these two documents, they are excellently done and contain a wealth of information.

"We have also received your Despatch No. 21 dated January 26 titled, "Host Countries Contribution to Point 4 Programs." The information contained in this document will be most helpful in preparing and presenting Saudi's budget for FY 1954."

(Note: Info given Betzig and Stacy also)

Host Country Cont.

"On December 19, 1952, an unclassified circular airgram, Control 2114, Subject: Host Country Contributions to Point 4 Programs, was sent out for distribution to various Country Directors of Point 4 programs. We would like to call your attention to this airgram; the suggestions contained in it we are sure will prove valuable."

Weekly Letter 30, dated 2 Jan, 53, recd 20 Jan 53

D. Host Government Contributions

Budget Rewrite 2/4/53 FY-1954

In FY-52, SAG contributions are estimated as having been $397,755. In FY-53, SAG contributions through January 15, 1953, are estimated as being $545,800. To date, SAG contributions have been greater than Point Four contributions. It would seem probable that this will continue to be true in the future as projects get underway in education, health, agriculture, and transportation. SAG demonstrates a desire to get things accomplished and if properly motivated it is likely that contributions to joint projects will increase. However, the knowledge that other countries receive larger sums through TCA has created difficulties in the past with SAG. The government has large oil revenues but also many obligations. It considers it needs TCA aid as much as any other country. This attitude, plus the primitive nature

F-2

Host Govt. Contribution

TECHNICAL COOPERATION ADMINISTRATION

TCA, Jidda, Saudi Arabia
January 31, 1953.

MEMORANDUM

MEMORANDUM TO: Sadek Bey Husseini, Director
Liaison Office for Technical Assistance

RE: Request for Translation and Transmittal of Letter to His Excellency, Deputy Minister of Finance re TCA contribution in community development.

It would be appreciated if you would arrange for the translation and transmittal of the attached letter to His Excellency, Deputy Minister of Finance.

John A. Dunaway
Acting U. S. Director of
Technical Cooperation in
Saudi Arabia

Jidda, Saudi Arabia

January 31, 1953.

His Excellency,
Deputy Minister of Finance,
Kingdom of Saudi Arabia,
J I D D A

Your Excellency:

With reference to our recent conversation in regard to the operations under the joint agreement for community development at El Darb, I am willing to propose for approval of the United States Government the following arrangement:

1. The Technical Cooperation Administration will purchase road building machinery and equipment to an extent of $150,000.00; this machinery and equipment to be used in constructing and maintaining the Gizzan Road; TCA will retain title to the machinery and equipment and may use such as necessary on the irrigation project at El Darb.

2. The Saudi Arabian Government will acquire any additional machinery necessary and will pay all other costs and expenses of labor, supervision, and supplies for building and maintaining the road.

If these suggestions meet Your Excellency's approval, I shall immediately telegraph Washington for confirmation. Since the road is a vital factor in the development of the whole Asir region, I hope that its construction will proceed with all possible speed.

I have the honor to be,

Your Excellency,

Very truly yours,

John A. Dunaway
Acting U. S. Director of
Technical Cooperation in
Saudi Arabia

Host Country Contributions

AIR POUCH CONFIDENTIAL

Amlembassy, Jidda TOTEC #21

January 26, 1953

Host Country Contributions to Point Four Program

Reference is made to Circular Airgram, Control 2114, December 19, 1952, entitled "Host Country Contributions to Point Four Programs". The following report sets forth in some detail SAG contributions in the form of cash, material, supplies and services for FY-52 and FY-53.

Section 407 (c) of the Act for International Development states that assistance shall be made available by the U. S. only when a host country "pays a fair share of the cost of the program". In general, "fair" share means a one to one ratio. It would appear that to date the Saudi Arabian Government has fulfilled this condition. In fact, SAG has contributed considerably more than the amounts expended by the U. S. Government. In FY-1952, U. S. expenditures are reported by NEADS as having been $129,000. For this same period, SAG contributions are estimated as having been $407,555. In FY-53, from July through January 15, 1953, Point Four expenditures from the regular budget are estimated at $150,000. To this can be added the cost of the Railroad Survey - $352,000. It should be noted that this Survey got underway in December and should be completed in the next eight or nine months. SAG contributions during this same period are over $600,000, with the greatest proportion of this money having been spent for the purchase of drilling rigs, trucks and other equipment needed to put the recommendations of the Natural Resources Division into effect.

While SAG contributions to date have been larger than those made by TCA, it is hoped that the stimulus provided by other TCA Divisions will see increasing amounts provided for development purposes.

SAG's income is increasing and it thus has credit to use for further development. The problem is to persuade SAG to use this credit for fruitful expenditures. Considering the nature of SAG, such is not easy but requires patience, persistence and understanding.

6.1 n.b.s.

The following estimates of actual payments (6.1b) are for FY-52 and FY-53. No figure, other than the $500,000 Rural Community Development Project Fund, can be given of SAG commitments (6.1a). Except in the case of the above named project, the matter of total SAG commitments has not been discussed. Hence, no figure (6.1c) can be given re excess or under payments.

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CONFIDENTIAL

6.1 b Estimated Contributions of SAG - Fiscal Year ending June 30, 1952.

Total

Cash	$ 9,800
Dollar equivalent in kind	397,755
	$407, 555

Breakdown of dollar equivalent $397,755

(1) Estimated figures of rental equivalent of lands and buildings	$ 86,000
(2) Spare parts, tires, repairs for automotive equipment	5,700
(3) Gas, oil for automotive equipment	3,500
(4) Five sedans, Station Wagon, Jeep	26,000
(5) Equipment used by Water Drilling Program including 4 Star Drills, Rigs, Rotary Drill, etc.	207,000
(6) Salaries of 65 local employees currently at $9910 Monthly	69,555
	$397,755

Breakdown of Cash

Cost Hotel Rooms, Local Purchases, etc.	$ 9,800

Comments re FY-52

Item 1 - This item was given to Point Four by Sadek Husseini, SAG Liaison Officer, who got it from the contract company. It represents cost of furnished houses, office building, electricity and water for the TCA staff. Estimate is excessive but is made in accordance with local practice of paying for a building in three or four years.

Item 5 - Equipment listed under this item is for Water Drilling Program. It should be remembered that drills, etc., needed to carry out the Natural Resources Division proposals were also used to drill wells for Princes' palaces, gardens, etc. - obviously not work of a Point Four nature. However, the equipment was used primarily to bring water to cities, towns and settlements.

Item 6 - This item includes salaries of drillers, crews and field personnel of the Water Drilling Program plus Liaison Staff, etc.

6.1 b Estimated Contributions of SAG through January 15, 1953.

Total	
Cash	$ 8,200
Dollar equivalent in kind	545,800
	$554,000
Breakdown of dollar equivalent $545,800	
(1) Estimate figure of rental equivalent of lands and buildings	$ 27,000
(2) Spare parts, tires, repairs for automotive equipment	4,000
(3) Gas, oil for automotive equipment	2,500
(4) Equipment purchased for Water Drilling Program	415,000
(5) Salaries of local employees	69,300
(6) SAG contribution to Railway Survey	27,000
(7) Rental of shop for new equipment of Industrial School	1,000
	$545,800

The Water Drilling Program figure for equipment plus a percentage of the salary figure is only a part of the $1,093,300 given by Baker Co., as the cost to SAG for operating the drilling program in 1952. This figure includes equipment purchased, salaries, supplies, etc. Thus the SAG contribution might be considered greater than the figure given with a wide margin to include non-Point Four related work done by the contract company for water drilling program for princes, amirs, etc.

6.3 A notable contribution from private sources is the School of Commerce in Jidda. The committee of local merchants has contributed an estimated $3,000 by providing an apartment, electric light, desks, tables and other similar equipment and supplies.

6.4 Concerning Point 6.4, it might be noted that SAG's budget included the following items for current or normal activities in Point Four fields:

CONFIDENTIAL

Construction Projects

Hospitals and Quarantine	SR 12,000,000
Government Buildings	2,000,000
Airports, roads, railroad (55,000,000 for RR)	78,000,000
Sewerage Works - Water Closets	6,250,000
Electric Plants	3,100,000
City Planning-City Street Paving	4,000,000
Water-Agriculture	1,500,000
Dams and Water Works for Cities	23,000,000
Land Improvement, Loans	2,500,000
	132,350,000

(Roughly $36,000,000 - Saudi Riyal worth 3.50 - 3.68 to the dollar)

It is not known what the item for the railroad signifies as no construction has begun.

Ministries

Department of Agriculture	SR 1,297,550
Ministry of Health	21,348,475
Department of Education	12,817,466
Roads Department	994,385
	36,457,876

(Approximately $10,000,000)

These figures give no indication of how effectively or carefully the funds are spent.

For the Ambassador

John A. Dunaway
Acting U. S. Director of Technical
Cooperation in Saudi Arabia

Host Country Contributions to Point 4: The Circular Airgram on this subject has had our consideration, and a report is in progress which should be completed within a few days.

Field Series Letter
#1 1/26/53.

RESTRICTED

File Host Country Contributions

UNITED STATES OF AMERICA

TECHNICAL COOPERATION ADMINISTRATION

Jidda, Saudi Arabia

MEMORANDUM

January 25, 1953

CONFIDENTIAL

TO: John A. Dunaway
Acting U. S. Director

FROM: Edward Betzig
Acting Program Officer

RE: Host Country Contributions to Point Four Program

Reference is made to Circular Airgram, December 19, 1952, entitled "Host Country Contributions to Point Four Programs". The following report sets forth in some detail SAG contributions in the form of cash, material, supplies and services for FY-52 and FY-53.

Section 407 (c) of the Act for International Development states that assistance shall be made available by the U. S. only when a host country "pays a fair share of the cost of the program". In general, "Fair" share means a one to one ratio. It would appear that to date the Saudi Arabian Government has fulfilled this condition. In fact, SAG has contributed considerably more than the amounts expended by the U. S. Government. In FY-1952, U.S. expenditures are reported by NEADS as having been $129,000. For this same period, SAG contributions are estimated as having been $407,555. In FY-53, from July through January 15, 1953, Point Four expenditures from the regular budget are estimated at $150,000. To this can be added the cost of the Railroad Survey - $352,000. It should be noted that this Survey got underway in December and should be completed in the next eight or nine months. SAG contributions during this same period are over $600,000, with the greatest proportion of this money having been spent for the purchase of drilling rigs, trucks and other equipment needed to put the recommendations of the Natural Resources Division into effect.

While SAG contributions to date have been larger than those made by TCA, it is hoped that the stimulus provided by other TCA Divisions will see increasing amounts provided for development purposes.

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6.1 a,b,c.

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6.1 b Estimated Contributions of SAG - Fiscal Year ending June 30,1952.

Total	
Cash	$9,800
Dollar equivalent in Kind	$397,755
	$407,555

Breakdown of dollar equivalent $397,755

(1) Estimated figure of rental equivalent of lands and buildings	$ 86,000
(2) Spare parts, tires, repairs for automotive equipment	5,700
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(4) Five sedans, station wagon, Jeep	26,000
(5) Equipment used by Water Drilling Program including 4 Star Drills, Rigs, Rotary Drill, etc.	207,000
(6) Salaries of 65 local employees currently at $9910 Monthly	69,555
	$397,755

Breakdown of Cash

Cost Hotel Rooms, Local Purchases, etc.	$ 9,800

Comments re FY-52

Item 1 - This item was given to Point Four by Sadek Husseini, SAG Liaison Officer, who got it from the contract company. It represents cost of furnished houses, office building, electricity and water for the TCA staff. Estimate is excessive but is made in accordance with local practice of paying for a building in three or four years.

Item 5 - Equipment listed under this item is for Water Drilling Program. It should be remembered that drills, etc., needed to carry out the Natural Resources Division proposals were also used to drill wells for Princes' palaces, gardens, etc. - obviously not work of a Point Four nature. However, the equipment was used primarily to bring water to cities, towns and settlements.

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X

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6.4 Concerning Point 6.4, it might be noted that SAG's budget included the following items for current or normal activities in Point Four fields:

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Government Buildings	2,000,000
Airports, roads, railroad (55,000,000 for RR)	78,000,000
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Electric Plants	3,100,000
City Planning-City Street Paving	4,000,000
Water-Agriculture	1,500,000
Dams and Water Works for Cities	23,000,000
Land Improvement, Loans	2,500,000
	SR 132,350,000

(Roughly $36,000,000 - Saudi Riyal worth 3.50 - 3.68 to the dollar)

It is not known what the item for the railroad signifies as no construction has begun.

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Department of Education	12,817,466
Roads Department	994,385
	SR 36,457,876

(Approximately $10,000,000)

These figures give no indication of how effectively or carefully the funds are spent.

Host Govt Cont.

Jidda, Saudi Arabia

MEMORANDUM

January 25, 1953

TO: John A. Dunaway
Acting U. S. Director

FROM: Edward Betzig
Acting Program Officer

RE: Host Country Contributions to Point Four Program

Reference is made to Circular Airgram, December 19, 1952, entitled "Host Country Contributions to Point Four Programs". The following report sets forth in some detail SAG contributions in the form of cash, material, supplies and services for FY-52 and FY-53.

Section 407 (c) of the Act for International Development states that assistance shall be made available by the U. S. only when a host country "pays a fair share of the cost of the program". In general, "Fair" share means a one to one ratio. It would appear that to date the Saudi Arabian Government has fulfilled this condition. In fact, SAG has contributed considerably more than the amounts expended by the U. S. Government. In FY-1952, U.S. expenditures are reported by NEADS as having been $129,000. For this same period, SAG contributions are estimated as having been $407,555. In FY-53, from July through January 15, 1953, Point Four expenditures from the regular budget are estimated at $150,000. To this can be added the cost of the Railroad Survey - $352,000. It should be noted that this Survey got underway in December and should be completed in the next eight or nine months. SAG contributions during this same period are over $600,000, with the greatest proportion of this money having been spent for the purchase of drilling rigs, trucks and other equipment needed to put the recommendations of the Natural Resources Division into effect.

While SAG contributions to date have been larger than those made by TCA, it is hoped that the stimulus provided by other TCA Divisions will see increasing amounts provided for development purposes.

Host. Govt. Cont.

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MEMORANDUM January 15, 1953

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It cannot be denied that if SAG spent its funds carefully, there would be very sizeable funds available for development purposes in cooperation with Point Four. Indeed, much greater sums should be spent for development purposes than at present. However, considering the political and strategic factors of Saudi Arabia involved and the possible stimulus Point Four can make toward directing SAG into a constructive program of development, it would appear as though to date Point Four has achieved a good degree of success in terms of Saudi contributions to the program.

SAG's income is increasing and it thus has credit to use for further development. The problem is to persuade SAG to use this credit for fruitful expenditures. Considering the nature of SAG, such is not easy but requires patience, persistence and understanding.

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Jidda, Saudi Arabia

MEMORANDUM

January 12, 1953

TO: Sadek Bey Husseini
Director, Liaison Office
for Technical Assistance

FROM: Edward Betzig
Acting Program Officer

RE: Host Country Contributions to the Point Four Program

As we are required by law to provide TCA in Washington with information concerning contributions of a host country to the Point Four Program, it would be greatly appreciated if you would give us detailed information concerning the contributions of the Saudi Arabian Government to our program.

In general, host country contribution means a contribution to technical cooperation program, in cash or in kind, by the central government or local governmental entities of a host country or by private individuals, institutions, and other private sources within the country.

Specifically, it includes:

A. The host government's contractual obligation to contribute a stated sum of money to a fund available only for projects included in a technical cooperation program.

B. Money contributed to such fund in excess of the contractual obligation.

C. Contribution of office space, supplies, automobilies, interpreters, clerks, etc.

D. Voluntary labor contributions on construction project included in the program.

E. Contributions of money, property, or services by municipalities or other units of local government.

Host country contributions do not include:

A. Outlays by a host government on activities related to Point Four but not actually falling within the scope of program or project agreements.

B. Funds budgeted by a host government for current or normal activities covered by program or project agreements, unless

the funds are segregated and made available only for projects included in the bilateral technical cooperation program.

C. Outlays by a host government on programs or activities initiated cooperatively but no longer covered by program agreements, the host government having assumed full responsibility for the activity and U. S. participation having ceased.

Host Country Contributions

COPY

UNCLASSIFIED

CIRCULAR AIRGRAM

TO: Certain American Diplomatic Officers

TOTEC

Control 2114
December 19, 1952
7:40 p.m.

Subject: Host Country Contributions to Point 4 Programs.

1. Purpose

1.1 To provide for periodic, uniform reports on the contributions of host countries to bilateral technical cooperation programs, as well as to give fuller guidance on a uniform approach to the question of contributions.

1.2 Congressional committees have shown extraordinary interest in this subject and it is most important that complete information be available for authorization and appropriation hearings each year. The monetary value of some types of contributions will prove difficult to calculate, but the best estimates possible, however rough, must be made so that full justice is done to the picture.

2. Legislative Requirement and General Policy

2.1 Section 407(c) of the Act for International Development provides that assistance shall be made available by the United States only when the host country "pays a fair share of the cost of the program."

2.2 Paragraph 6.2 of Point 4 circular No. 4, May 2, 1952, states the general policy respecting host country contributions to be that "each host government should contribute, during the first year or two of the life of a cooperative program, at least as much, valued in its own currency, in the form of cash, materials, supplies, and services as the United States contributed. Thereafter, the contribution of the host government should be expected to increase gradually so that the relative contribution of the United States becomes steadily smaller."

2.3. The "fair share" concept is applied primarily to a country's total contribution to the total technical cooperation program and not necessarily to every component program or project. What is a "fair share" depends upon a country's ability to contribute (see paragraph 4). Where consideration of all the relevant facts makes an exception to the 1 to 1 ratio desirable, programs may be initiated or continued with a smaller proportionate contribution by the host country.

3. Definition

3.1 In general, host country contribution means a contribution to technical cooperation program, in cash or in kind, by the central government or local governmental entities of a host country or by private individuals, institutions, and other private sources within the country.

UNCLASSIFIED

Specifically, it includes:

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b. Money contributed to such fund in excess of the contractual obligation.

c. Contribution of office space, supplies, automobiles, interpreters, clerks, etc.

d. Voluntary labor contributions on construction project included in the program.

e. Contributions of money, property, or services by municipalities or other units of local government.

3.2 Host country contributions do not include:

a. Outlays by a host government on activities related to Point 4 projects but not actually falling within the scope of program or project agreements.

b. Funds budgeted by a host government for current or normal activities in fields covered by program or project agreements, unless the funds are segregated and made available only for projects included in the bilateral technical cooperation program.

c. Outlays by ahost government on programs or activities initiated cooperatively but no longer covered by program agreements, the host government having assumed full responsibility for the activity and U.S. participation having ceased.

4. "Fair Share" Criteria

Whether a host country contribution represents a "fair share" of the costs of a technical cooperation program should be considered in the light of:

a. Present political and strategic considerations.

b. Credit worthiness of the government: Has it available credit for further development: Is it planning to use this credit?

c. Revenues and current revenue potential of the country.

d. Current budget of expenditures, including developmental or extraordinary budgets and appropriations.

e. Extent to which development programs are operated as part of regular government activity not connected, or no longer connected, with direct TCA participation.

5. Reports Required Semi-Annually

5.1 Country Directors shall forward semi-annual reports to TCA/W on the amount and character of the contribution of their countries to the technical cooperation program for expenditure during the fiscal year being reported on.

5.2 These reports shall be transmitted by January 15 to cover the first six months of the U. S. fiscal year (July 1 - December 31) and by July 15 to cover the second six months (January 1 - June 30) and entire fiscal year.

5.3 If information has not already been submitted on host country contributions for FY 1952, a report should be forwarded immediately.

6. Content of Reports

Reports on host country contributions shall cover the following points:

6.1 Central government

a. Commitment - total amount of the contribution undertaken by the central government in its agreement with TCA. The total should include both a financial contribution and the estimated monetary value of any contributions in kind which should be specifically identified as land, buildings, office space, supplies, services, labor, etc. If the total commitment has been divided as to projects with fixed amounts, these should be identified.

b. Amount paid - Actual payments, by total and by project, and by cash or kind, up to the end of the reporting period. Payments of commitments to special funds should be distinguished from those made in other ways.

c. Excess or Under payments - These should be shown clearly, in cash or kind, in terms of the commitment.

6.2 Local government entities - The same items should be shown as for central government contributions, although formal agreements may not be involved.

6.3. Private sources - The same items should be covered, although again formal agreements may not be involved.

6.4 As an indication of the scope and progress of the host country's efforts, data should also be given wherever possible on the expenditures listed in paragraph 3.2 above as not constituting host country contributions.

6.5 Computations - The following shall be the general basis for calculations required to present the foregoing data:

a. Contributions in kind of materials, supplies, services, etc., should be shown in terms of their actual or estimated current or capitalized value. Estimates should be based, as far as possible, on commercial rates or prices for similar facilities. In the case of land or buildings, the probable rental value or the capitalized value should be used.

b. Exchange rate - Reports should be in terms of dollars and the exchange rate used should be that generally applicable to TCA operations at the time any contribution is actually made.

COPY

Draft: 1/14/53

CONTRIBUTIONS OF SAG

Estimated Contributions of SAG - Fiscal Year Ending June 30,1952

Cash	$ 9,800
Dollar equivalent Contribution in Kind	397,755
	$407,555

Total does not include $415,000 worth of equipment ordered for the planned drilling program 1952-53, to be done for SAG by an American contractor under the general technical direction of the Natural Resources Division,TCA.

Figures also do not include cost of new apartment building and new office building.

Estimated figure of rented equivalent of land and buildings	$ 86,000
Spare parts, tires, repairs, etc. for automotive equip.	5,700
Gas, oil for automotive equipment	3,500
Five sedans, station wagon, jeep	26,000
Equipment used by Natural Resources Division-Drilling Program c urrently, including 4 Star Drills, Rigs, Rotary Drill	207,000
Salaries of 65 local employees, currently monthly at 9910 - Fiscal 1952	69,555

May 20 Letter

Equipment for new Natural Resources Project

5 5 ton trucks	30,000
6 10 ton trucks Kenwalsa - £265,000	120,000
10 Power Wagons	30,000
3 Tank Trucks	15,000
1 Tank Truck	6,000
1 Station Wagon	3,000

5 Generators	$ 2,000
Welding Equipment	3,700
Drilling Mud	3,500
7 Mack Air-Conditioned Metal Trailers	24,500
Pumps, tools and winches	5,555
Deep-well turbine pump and casings	1 38,742
Special Casings	32,425
	414,422

Equipment to be used in program under Baker Contract - Technical Supervision directly provided by Brown.

Jan 14
+ $ 187,000 new equipment
(Brown states is being purchased in US.)

SAG CONTRIBUTIONS

1952 $254,361

1953

Program	$32,369
Natural Res.	321,507
	+ equipment
Public Adm.	61,983
	$ 416,359

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File
Budget
Host Country
Contributions

Jidda, Saudi Arabia

May 22, 1952.

MEMORANDUM TO: Mr. Sadek Bey Husseini

FROM: Mr. Edward Betzig

RE: Estimates of Contributions of the Saudi Arabian Government to Point 4 Program

The following are estimates of contribution of the Saudi Arabian Government to the Point 4 Program.

	DOLLARS
Estimated cash contribution SAG Fiscal Year ending June 30,1952	9,800
Estimated dollar equivalent SAG contribution in kind	397,755
Total does not include 415,000 dollars worth of equipment ordered for the planned drilling program 1952-53 to be done for the SAG by an American contractor under the general technical direction of the Natural Resources Field Group TCA.	
Figures also do not include cost of the new apartment building and the new office building.	
Estimated figure of rental equivalent of land and buildings	86,000
Spare parts, tires, repairs, etc. for automotive equipment	5,700
Gasoline, Oil for automotive equipment	3,500
Five sedans, station wagon, and jeep	26,000

(Continued)

	DOLLARS
Equipment used by the Natural Resources Drilling program currently, including drills, rigs, etc.	207,000
Salaries of 65 local employees, currently Monthly	9,910
Fiscal 1952	69,555

It is to be noted that these are rough estimates and subject to revision. They are based upon information provided for TCA by your office.

Edward Betzig
Assistant Program Officer

File - Budget

Budget

Jidda, Saudi Arabia

April 27, 1952.

MEMORANDUM TO: Mr. Sadek Husseini

FROM: Office of U. S. Director of Technical Cooperation in Saudi Arabia

RE: Estimate of Saudi Arabian Government Expenditures Fiscal Year 1952, Fiscal Year 1953, in Cooperation with Point 4.

In preparing an estimate of budgetary obligations for the Point 4 program in Saudi Arabia, it is necessary that an estimate be given the Department of State as to the approximate funds, and value of services and goods provided or authorized by the Saudi Arabian Government for Point 4 under the terms of the general agreement between the two Governments signed on January 17, 1951.

It would be helpful if you could provide the estimate of Saudi Arabian Government contributions to the Point 4 Program for Fiscal Year 1952. In this estimate, will you list the items provided, giving their dollar value, and giving any further information which you consider essential.

The Department of State has also requested an estimate of the contemplated Saudi Arabian Government contribution under the Point 4 Program for Fiscal Year 1953.

Your assistance in this matter will be sincerely appreciated.

Samuel S. Stratton
U. S. Director of Technical
Cooperation in Saudi Arabia

Host Govt Contributions

CONFIDENTIAL

April 7, 1952

See Public Adm. Budget File for other Comes.

MEMORANDUM FOR: Dr. Stratton

In re your memorandum of April 2 on budget proposals, I gather that SAG already contemplates segregating its contribution to TCA and other similar work. The draft budget has an item of SR300,000 for "Experts' Expenses". In any event we shall keep this point in mind, so that the extent of SAG's matching American contributions can be known.

I realize the American Government's interest in recognition of its contribution through TCA. A related point, however, since finance is so intimate a part of SAG's affairs, is the desirability of maintaining the idea that any proposals we put forward are made in SAG's interest as our recommendations as experts rather than as American policy.

Could we not meet your suggestion and at the same time take account of this point by leaving the signatures as they are and putting at the head of such letters the words: Technical Cooperation Administration?

Arthur N. Young